



Making a Multibagger: Behind the Decade's Best Stocks

<http://www.fool.com/investing/high-growth/2012/09/16/making-a-multibagger-behind-the-decades-best-stock.aspx>

Alex Planes

September 16, 2012



Investing makes your money work for you. Sometimes, that money winds up working harder. Today, I'll be taking you through a list of the stocks that have worked harder than any others for the investors who held them over the past decade. Every stock is different, and each tells the story of a megamultibagger, which multiplies an investment many times over. If you understand the story, you understand the stock, and that can help you find other multibaggers just like it in the future.

It's all part of The Motley Fool's worldwide effort to help the world invest. Better.

Multibaggers by the numbers

These are the 10 stocks that have gained the most value of any on American exchanges over the past decade:

Stock	Market Cap	\$1,000 in 2002 is Now...	Multibagger Score
Monster Beverage (Nasdaq: MNST)	\$9.42 billion	\$229,010	230-bagger
Terra Nitrogen (NYSE: TNH)	\$4.11 billion	\$122,484	123-bagger
DXP Enterprises	\$680 million	\$91,220	92-bagger
Apple (Nasdaq: AAPL)	\$640 billion	\$89,589	91-bagger
NewMarket	\$3.42 billion	\$78,175	79-bagger
Encore Capital	\$737 million	\$53,961	55-bagger
Ebix (Nasdaq: EBIX)	\$904 million	\$43,635	45-bagger
priceline.com (Nasdaq: PCLN)	\$31.2 billion	\$41,876	43-bagger
SBA Communications	\$7.30 billion	\$40,804	42-bagger

Concur Technologies \$4.14 billion \$38,780 40-bagger

Sources: S&P Capital IQ and Yahoo! Finance.

Now let's take a look at some of their stories.

Monster Beverage

- **Trailing 12-month revenue:** \$1.93 billion
- **Profit margin:** 17.2%
- **Business model:** energy drinks

[Monster Beverage](#) was known as Hansen Natural when the Fool's *Rule Breakers* service recommended it in February 2009. Hansen's has been around for more than 75 years, but it was only following the introduction of the Monster energy brand in 2002 that the company started to make a name for itself. That year, the energy-drink market made just over \$1 billion in revenue and was dominated by Red Bull. In 2011, the American energy-drink market made \$9 billion in revenue, and Monster's products made up 35% of that market by volume.

Monster took full advantage of its exploding share of the energy-drink market to improve its profit margin from just over 3% in 2002 to more than 17% today. Hansen found its niche as the energy kick of choice for an "extreme" crowd, and it began right as the energy-drink market was beginning to take off. Its name now reflects its devotion to those products -- and its customers' enduring devotion as well.

Terra Nitrogen

- **Trailing 12-month revenue:** \$797 million
- **Profit margin:** 38.4%
- **Dividend yield:** 8%
- **Business model:** fertilizer

The [Terra Nitrogen](#) story is one of inputs and outputs: natural gas and fertilizer. Terra's revenue over the past decade has increased only 150%, but profits have soared since 2006. That's because the cost of the natural gas Terra uses to create fertilizer is now a fraction of what it was that year, but farmers pay several times as much for fertilizer today as they did a decade ago.

Terra's high profit margins have also led to fantastic dividend payouts for shareholders since the company became a [master limited partnership](#). It's slightly more complicated to own come tax time, but the dividend rewards can be well worth it.

Apple

- **Trailing 12-month revenue:** \$149 billion
- **Profit margin:** 27%
- **Dividend yield:** 1.6%
- **Business model:** must-have electronics

[Six different Fool newsletters have recommended Apple since 2008](#), which happens to be the year the iPhone 3G was first offered to the public. Apple's ethos hasn't changed much over the years -- build great products that are easy to use and charge premium prices -- but it found that ethos perfectly suited to the age of mobile computing, in which device upgrades are frequent and carriers are willing to sell smartphones at a loss to generate long-term contract revenue.

The slavish devotion with which the news media covers every Apple product release attests to its marketing success, but no amount of marketing would have made Apple [the world's biggest company](#) if its products didn't repeatedly delight millions of customers.

Ebix

- **Trailing 12-month revenue:** \$178 million
- **Profit margin:** 38%
- **Dividend yield:** 0.8%
- **Business model:** specialized business software and services

Ebix was a *Rule Breakers* pick in 2008, and again in 2009. It's a company that's positioned, as Fool Anders Bylund aptly puts it, "[at the corner of boring and delightful](#)." Ebix provides a technological backbone for the insurance industry, making it easier for participants all along the customer-to-insurer chain to handle the mounds of paperwork and information each policyholder generates.

Ebix has enjoyed consistently high growth for much of the past decade. Its profit margin has nearly tripled since 2002 as it's become a dominant leader in a fragmented industry that demands a specialized base of knowledge. It's not as exciting as a new iPhone, but Ebix's software is indispensable for ever-growing numbers of insurance professionals.

Priceline.com

- **Trailing 12-month revenue:** \$4.81 billion
- **Profit margin:** 25.6%
- **Business model:** online travel reservation services

Here's [one of the Fool's favorite multibaggers](#). Priceline's grown 2,600% since our *Stock Advisor* service recommended it in 2004, and its consistent growth in a highly competitive industry earned it another recommendation from the same service eight years later. The company's become a household name thanks to its Shatnerific "Negotiator" advertising campaign, but Priceline wasn't always a market leader. It took years of explosive (and accelerating) growth to reach its current size, backed by smart diversification efforts into less-competitive geographies.

Priceline's found more than one way to create its own market with unique sales strategies. Its customers keep coming back because they find better prices, and travel partners are eager to offer those prices because it's still a better deal for them in the end. When everyone in the transaction wins, shareholders win as well.

Foolish final thoughts

Pricing power, customer loyalty, innovation, timeliness, consistently growing demand, fragmented competition, and economies of scale are all powerful levers a company can pull to increase its profits and improve your returns. Each of these companies has some of these levers at its disposal, and none has let them go to waste. One of the best ways to identify future multibaggers is to find companies with many levers to pull and invest before all those levers have been activated.

Want to learn more? [Join us for Invest Better Day](#), and we'll explore the Foolish investing philosophy together to help you make the right investing choices for your future. Whether you're seeking megamultibaggers or building big wealth slowly, [start your investing journey with us today](#).

CLICK HERE TO INVEST BETTER